



THE CITY OF SAN DIEGO MANAGER'S REPORT

DATE ISSUED: April 26, 2002 REPORT NO. 02-097

ATTENTION: Land Use and Housing Committee
Agenda of May 1, 2002

SUBJECT: Amendment to the Torrey Highlands Public Facilities Financing Plan and
Facilities Benefit Assessment

REFERENCE: "Torrey Highlands Public Facilities Financing Plan and Facilities Benefit
Assessment, Fiscal Year 2002"

SUMMARY

Issues - Should the Council: 1) Amend the Torrey Highlands Public Facilities Financing Plan (PFFP) for Fiscal Year 2002; 2) Adopt a Resolution of Intention to designate an area of benefit for Facilities Benefit Assessments (FBA) in Torrey Highlands; 3) Adopt a Resolution of Designation; and 4) Approve the setting of Development Impact Fees (DIF) consistent with the FBA in Torrey Highlands?

Manager's Recommendation - Adopt the four resolutions.

Planning Commission Recommendation - None.

Community Planning Group Recommendation - There is no established planning group in Torrey Highlands.

Environmental Impact - The City of San Diego, as lead agency, has prepared and completed Environmental Impact Report (EIR) No. 93-0152 and Mitigation, Monitoring, and Reporting Program for the Torrey Highlands Subarea Plan, which covers this action. The City Council shall review and consider the previously certified EIR prior to adoption of the Resolution of Intention.

Fiscal Impact - Approval of this amendment to the PFFP will provide the framework to assure that needed public facilities for Torrey Highlands will be funded by new development and provided as needed.

Code Enforcement Impact - None by this action.

Business Impact Statement - The proposed assessments are substantially higher than the existing assessments, but failure to assure the required infrastructure would have an adverse impact on the development of the area.

BACKGROUND

On August 7, 2001, the City Council adopted the Fiscal Year 2002 Public Facilities Financing Plan for Torrey Highlands (Subarea IV of the North City Future Urbanizing Area). This financing plan replaced development impact fees (DIF) with facilities benefit assessments (FBA) as the basis for funding required infrastructure in the planning area.

DISCUSSION

The Public Facilities Financing Plan details the public facilities that will be needed through the ultimate development of the Torrey Highlands area which is presently estimated to be by the year 2010. Torrey Highlands is in its earliest stages of development, with most of the community facilities yet to be provided. This plan contains the detail on all of the public infrastructure needed in the area, including information on funding and timing. Many of the projects listed serve adjacent planning areas, which are jointly contributing to their funding. Details of these joint funding arrangements are outlined in the plan.

Since the adoption of the Financing Plan in August 2001, there have been significant changes to a number of the projects, making it advisable to amend the plan before the next full update. These are outlined as follows:

Project T-1.3, SR-56/Camino Ruiz Interchange – On April 2, 2002, Council adopted an amendment to the funding agreement for the SR-56/Camino Ruiz Interchange, increasing the cost of the project \$11,604,000. This increase, borne entirely by the Torrey Highlands FBA, necessitates a revision both in the project cost and the rate of assessment.

Project T-2.1, Camino Ruiz (Two Lanes, Northerly of SR-56) – A more rapid rate of development than anticipated allows this project to be accelerated one year sooner than the schedule reflected in the adopted plan.

Project T-10, Pedestrian Bridge over Camino Ruiz – The project is proposed for addition to the plan to facilitate pedestrian traffic across Camino Ruiz. The added cost of this project will contribute to the increase in the rate of FBA assessment.

Project P-1, Neighborhood Park No. 1, and Project P-2, Neighborhood Park No. 2 – Increased land costs necessitate revised project cost estimates.

Project P-3, Community Park (Black Mountain Ranch) – This project is being revised to reflect a change in the development schedule. The timing of developer advances and the anticipated project development is being accelerated. This does not affect the FBA funding schedule.

A comparison of adopted and proposed assessments for Fiscal Year 2002 follows:

	<u>Current</u>	<u>Proposed</u>
Single-family dwelling unit	\$26,195	\$33,120
Multi-family dwelling unit	\$18,337	\$23,184
Local Mixed Use (LMXU) Acre	\$211,397	\$267,278
Commercial Acre	\$157,958	\$199,714
Limited Commercial Acre	\$46,890	\$59,285
Employment Center Acre	\$140,931	\$178,186
Institutional Acre	\$39,293	\$49,680

The proposed increase in assessments for Fiscal Year 2002 is based on the addition of approximately \$16,000,000 in estimated costs of facilities to be funded by this program, increased by an inflation factor of 5 percent to the year of construction. It also takes into account cash on hand using a 5 percent interest rate. The goal of the FBA is to insure that funds will be available in sufficient amounts to provide community facilities when needed.

Council has directed that it is appropriate to adopt Development Impact Fees on properties that have never been assessed Facilities Benefit Assessments. Therefore, it is recommended that the above proposed Fiscal Year 2002 Assessments also be adopted as Development Impact Fees for Torrey Highlands. The Facilities Benefit Assessment will be collected at the building permit issuance stage of development and deposited into special interest earning accounts for Torrey Highlands. Annually, the Council receives a status report on the program and authorizes the appropriation of funds for construction of facilities which are programmed for the next fiscal year in the Capital Improvements Program budget.

The proposed Resolution of Intention will set a date for a public hearing on the Facilities Benefit Assessment. Prior to the public hearing, mailed notice will be given to all affected property owners within the proposed area of designation of the date of the hearing and their right to file a protest with the City Clerk prior to the start of the hearing. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned. A letter advising of today's meeting was mailed to all property owners as shown on the proposed assessment roll, or otherwise known to staff.

ALTERNATIVES

Do not approve the proposed amendment to the Public Facilities Financing Plan and Facilities Benefit Assessment or the setting of Development Impact Fees. This is not recommended

because the new fees will insure that new development contributes its proportional share for new facilities identified in the community plan. In the absence of these fees, alternative sources would have to be identified to fund the share of the identified facilities attributable to new development.

Respectfully submitted,

S. Gail Goldberg, AICP
Planning Director

Approved: P. Lamont Ewell
Assistant City Manager

GOLDBERG/GH

Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment 1. Revisions to the FY 2002 Torrey Highlands Public Facilities Financing Plan